



*Catherine E. Pugh*  
Mayor

## COMMISSION FOR HISTORICAL & ARCHITECTURAL PRESERVATION

*Tom Liebel, Chairman*

### STAFF REPORT



*Chris Ryer*  
Director

**February 12, 2019**

**REQUEST:** Demolition Hearing Two – Determination of Substantial Hardship

**ADDRESS:** 214 West Mulberry Street (Howard Street Commercial Historic District)

**RECOMMENDATION:** Disapproval

**STAFF:** Stacy Montgomery

**APPLICANT:** Park Avenue Partners, LLC

### **SITE/HISTORIC DISTRICT**

#### Market Center and Proposed Howard Street Historic Districts:

The Market Center National Register Historic District is a nearly 24-block area that was home to Baltimore's retail activity from the beginning of the 19<sup>th</sup> century. The district encompasses a wide variety of architecture from modest 19<sup>th</sup> century rowhouses to grand department store palaces, as well as banks, theaters and restaurants. The blocks encompassing the proposed demolition, which are part of the Howard Street Commercial local historic district, include a cohesive group of modestly scaled commercial structures at the northern end of Baltimore's historic retail district. The district represents the smaller, specialized retailers in buildings that transitioned from primarily residential to commercial use at the turn of the 20<sup>th</sup> century.

#### Site Conditions/Architectural Description:

Mulberry Street was originally home to a number of early 19<sup>th</sup> century two- and three-story rowhouse buildings, but the only remaining vestige of this era is the two-story building that was once home to the Tyson Street Tavern and later Martick's Restaurant Francais. The building at 214 West Mulberry Street is an early 19<sup>th</sup> century side gable end of group rowhouse with a gable dormer hidden behind a more elaborate Italianate cornice that was added in the late 19<sup>th</sup> century. The larger storefront window on the first floor is also a late 19<sup>th</sup> century alteration to the building. In the 1970s, the storefront window and entry were boarded as a result of a car crash through the window and the owner's desire for more security.

### **BACKGROUND**

- This property is included within the boundaries of the Howard Street Commercial local historic district.
- The long-standing restaurant that operated in the building closed in 2008.
- The property was recently sold to Park Avenue Partners, LLC after the previous owner determined that they could not afford to rehabilitate the property. The previous owner

had submitted an application for rehabilitation using state and local tax credits, but determined that they could not move forward with the project due to the costs.

- The new owner is also the current developer of the adjacent site at 400 Park Avenue.
- At the January 8, 2019, CHAP hearing the Commission determined that the property at 214 West Mulberry Street is historically and architecturally significant and contributing to the historic district.

## **PROPOSAL & APPLICATION OF GUIDELINES**

The applicant proposes to demolish the building at 214 West Mulberry Street and incorporate the footprint into an adjacent development.

Staff applied Section 3.6 Demolition Procedures of the *Baltimore City Historic Preservation Rules and Regulations*, specifically “Demolition Hearing Two—Determination of Substantial Hardship.”

### **3.6 DEMOLITION HEARING TWO-DETERMINATION OF SUBSTANTIAL HARDSHIP**

If a structure is determined to contribute to a local district or meets landmark criteria, staff shall schedule a second public hearing. At this hearing, the Commission will review a completed Application for Authorization to Proceed for demolition. In addition, the applicant must provide the information requested in the Demolition Application Requirements. This additional information is required to determine “whether demolition is necessary to avoid a substantial hardship” and whether denial of a demolition permit would result in “no reasonable beneficial use” of the historic structure.

The Commission will also determine whether demolition will constitute a “substantial detriment to the public welfare” and demolition will be “without substantial derogation to the intents and purposes of Article 6 of the Baltimore City Code.” In making their finding, the Commission may consider the following, among other case specific factors:

1. The historic and architectural value and significance, architectural style, general design, arrangement, texture, material, and color of the structure and the immediate neighborhood;
2. The location and visibility of the structure to be demolished;
3. The structural stability, hazardous conditions, health and public safety issues, and code enforcement history; and
4. Previous Commission actions regarding the structure.

An Authorization to Proceed for demolition may only be issued if a property has been determined noncontributing to a local district or the Commission determines that a demolition of a contributing structure meets the following requirements of the ordinance:

1. The demolition will be without substantial detriment to the public welfare;
2. The demolition will be without substantial derogation from the intents and purposes to the CHAP ordinance; and
3. The denial of a demolition permit will result in substantial hardship to the applicant.

At the conclusion of the second hearing, the Commission decides upon the demolition application. If it is determined that all three of these factors have been met, they may approve the demolition.

## **ANALYSIS**

### ***Historic and Architectural Value and Significance***

The modest building at 214 West Mulberry Street was home to Martick's restaurant for much of the 20<sup>th</sup> century. The Martick family owned and operated the bar-turned-restaurant beginning in the 1920s and lived in the rest of the house. The Marticks also used their tavern as an arts venue, showcasing musicians and other performers, as well as displaying art. In the 1950s, son Morris Martick opened an art gallery (Salon Des Refuses) down the street at 108 West Mulberry Street. In 1970, Morris Martick opened a French restaurant at 214 and continued to attract patrons for decades.

The building at 214 West Mulberry Street is significant under Criteria for Designation 1, 2 and 3. The building is significant for its contributions to the commercial history of Baltimore's historic retail core (Criterion 1). Like many early-to-mid-19th century residential buildings in the commercial area, the building was altered for a small commercial use in the late 19<sup>th</sup> century. Its use as a bar and restaurant and likely as a speakeasy during Prohibition are an important part of the area's social history. Martick's was an important place for emerging artists and musicians and attracted the cultural elites of Baltimore.

The building is significant for its association with Morris Martick, who lived in the building for the majority of his 88-year life (Criterion 2). Morris Martick not only enhanced the city's culinary experience by introducing French food to everyday people of Baltimore, he was also an important patron of the Baltimore Art and Jazz music scene, making his bar and nearby gallery a home for emerging musical and artistic talent.

The building is significant for its architecture as an example of a modest early-19th century side gable Federal style building that was later modernized with Italianate details (Criterion 3). The Federal and Italianate features still remain on this early building.

### ***Location and Visibility of the Structure to be Demolished***

The building at 214 West Mulberry Street is the only remaining building on the north side of the 200 block of West Mulberry Street. Mulberry Street is a 3-lane, 1 way street running west to east.

### ***Present Conditions of the Structure***

The building at 214 West Mulberry Street appears to be in a deteriorated condition. There is evidence of a fire that damaged much of the interior. The applicant has provided an engineering report detailing the current condition of the property. The report identified the following issues:

- 1) The chimney on the east side has partially collapsed and will continue to do so. This either needs to be rebuilt or the void needs to be stabilized and patched.

- 2) There is damage to the masonry at the northwest corner of the building. This damage needs patching.
- 3) There is a large exterior crack at the south exterior wall of the 3-story building at the rear of the property. This wall (and others) needs repointing.
- 4) The windows and lintels are deteriorated beyond repair and need replacement.
- 5) The interior framing is severely deteriorated. There are holes in the flooring and some floor joists have rotted out. The steel beams supporting the upper floors are corroded. Fuzzy mold is accelerating the deterioration of the framing. The interior needs to be reframed.
- 6) The roof framing is severely damaged. The roof needs to be reframed.

The physical deterioration is due to prolonged vacancy and the resulting lack of maintenance.

The building has been subject to a Vacant Building Notice since 2015. Prior to the vacant building notice, the property received citations from Housing and Code Enforcement for flaking paint, graffiti, and signage that was not in keeping with the Urban Renewal Plan.

#### ***Previous Actions by the Commission***

See Background Section. At the January 8, 2019 CHAP hearing the Commission determined that the property at 214 West Mulberry Street is historically and architecturally significant and contributing to the historic district.

#### ***Hardship Application***

##### **Value of the Buildings and Land**

- The applicant purchased the building on December 14, 2018 for \$100,000.
- The previous owner, Martick Property LLC, purchased the property from the Martick Family on 1/11/18 for \$70,000.
- SDAT lists the value of the land (\$33,500) and improvements (\$40,200) as \$73,700 as of 1/1/19.

The applicant has stated that retaining and rehabilitating the historic building will create a financial hardship. At the previous hearing, the Commission directed the applicant to study incorporating all or a portion of the historic building into the new development. The applicant has provided six scenarios for review: from full building retention and rehabilitation, to partial demolition and incorporation into a larger building, to full demolition and wholesale new construction, with the financial impacts of each. More detailed numbers and plans are available in the packet submitted by the developer. It is important to note that the designs shown in the various options are only illustrative of how much of the historic building would be retained. At this time, the development team does not have any design approvals from CHAP for the new construction and the design of the new construction is not under consideration at this time. The interaction of new

construction with the historic building would be a part of the CHAP review of the new construction if the Commission determines that all or some portion of the building needs to be retained.

In previous demolition and hardship reviews, CHAP has used a cash-on-cash rate of return lower than 8% at the end of 10 years as a benchmark for hardship. The applicant has also provided the Internal Rate of Return (IRR) for each project, which is another measurement of return on investment which the project's investor is using to evaluate the project. The IRR for each project is in the large report and summary spreadsheet for each option.

#### Option 1- Full Building Restoration as a Standalone Development

Per the costs estimate obtained by the applicant, the costs to rehabilitate the property as a standalone development do not result in a rate of return of 8% by the 10<sup>th</sup> year of the pro forma. This estimate does not take into account a number of considerations. The use of alternative materials CHAP may approve could lower the cost of the project. The project could be eligible for City, State and Federal Tax Credits if the property is income-producing, which could reduce the costs. The project could also be eligible for façade improvement grants from BDC and Downtown Partnership, as well as Capital Grants from MHT. The property is also in an Opportunity Zone.

#### Option 1a- Full Building Restoration as a Part of a Larger Development

This option provides some return on the investment and reaches 8% by the 7<sup>th</sup> year in the pro forma. This estimate does not take into account the use of alternative materials CHAP may approve. The applicant should also consider that they would be eligible for other incentives, including façade improvement and capital grants.

#### Option 2- Restore Front Third of Building with New Development

This option involves the demolition of the rear 3-story building and the 2-story rear ell while retaining and rehabbing the main gable building. New construction surrounds the historic building. This option provides a cash-on-cash rate of return on the investment that reaches 8% by the 5<sup>th</sup> year in the pro forma. This estimate does not take into account the use of alternative materials CHAP may approve. The applicant should also consider that they would be eligible for other incentives.

#### Option 2a- Restore Front Third of Building with New Development that Cantilevers over the Historic Building

This option involves the demolition of the rear 3-story building and the 2-story rear ell while retaining and rehabbing the main gable building. New construction surrounds and cantilevers over the historic building. There is an additional cost from Option 2 since the cantilevered new construction would require a crane to erect long pieces of structural steel.

This option provides a cash-on-cash rate of return on the investment that reaches 8% by the 5<sup>th</sup> year in the pro forma. The applicant should also consider that they would be eligible for other incentives. The proposed design with the cantilever may not fully meet the CHAP Design Guidelines for New Construction. This estimate does not take into account the use of alternative materials CHAP may approve.

#### Option 3 – Keep Front and Side Facades and Incorporate into New Development

This option involves the demolition of the majority of the building, retaining only the front façade and west elevation, not retaining the gable roof and dormer. New construction will occur behind the historic walls and on the adjacent lot. This option provides a cash-on-cash rate of return on the investment that reaches 8% by the 4<sup>th</sup> year in the pro forma. The applicant should also consider that they would be eligible for other incentives. As with any alternative, the incorporation of the facades into the new construction would require CHAP review.

#### Option 4 – Demolish Entire Martick’s Building and Construct New Building

In this scenario, the entire Martick’s building would be demolished and the whole site would be used for new construction. This option provides a cash-on-cash rate of return on the investment that reaches 8% by the 2<sup>nd</sup> year in the pro forma. The new construction would require further CHAP review.

### **NEIGHBORHOOD COMMENTS**

There is no neighborhood architectural review committee here. Notice has been sent to Baltimore Heritage, Inc., Preservation Maryland, AIA Baltimore, the Baltimore National Heritage Area and the Market Center Merchants Association. At the last meeting the Market Center Merchants Association provided a letter of support for the demolition and they are still in support of it.

CHAP has received several letters from the public, including 2 in support of demolition from residents along Park Avenue in Mount Vernon (Christian Boyd and Maureen Regan and Megan Isenock and Rob Tate) and one letter of support of preservation of the building from a long-time patron (Charles Alexander).

### **RECOMMENDATION**

The building at 214 West Mulberry Street is a contributing building to the Howard Street Historic District. As a modest pre-Civil War commercial building associated with important cultural and social history of Baltimore and with an important person in Baltimore’s history, the building is arguably eligible for Historic Landmark designation. The building is in a prominent location and its demolition would impact a major streetscape. Demolition of this building would not be without substantial derogation from the intents and purposes to the CHAP ordinance.

The applicant has provided an engineering report speaking to the present conditions of the property. While the property is suffering from significant deterioration of the interior framing

and fenestration, the report does not suggest that the building is in danger of collapse-- only that reframing the building and repointing are critical to stabilizing the building. There is no Raze or Rehab Notice from HCD either. Demolition of this building would not be without substantial detriment to the public welfare.

The applicant has presented six scenarios for saving all or portions of the historic building, along with total demolition. The applicant has also presented the financial implications of each strategy. All but one of the scenarios provides a levered cash-on-cash rate of return higher than 8% by the end of the 10-year period. The applicant has not demonstrated how the project costs would be impacted by the use of alternative materials that CHAP may approve or from other incentives such as the Opportunity Zone investments, façade improvement grants from BDC or the Downtown Partnership, or capital grants from MHT.

The hardship test asks the applicant to demonstrate that the project would be economically infeasible without the allowance of the demolition of the structure. The applicant has not demonstrated that the project is economically infeasible if all or some portion of the historic building is retained, only that the applicant does not believe that the projected returns would attract enough financing for their investor.

**Staff recommends disapproval of the request for full demolition of the building as the applicant has not demonstrated that:**

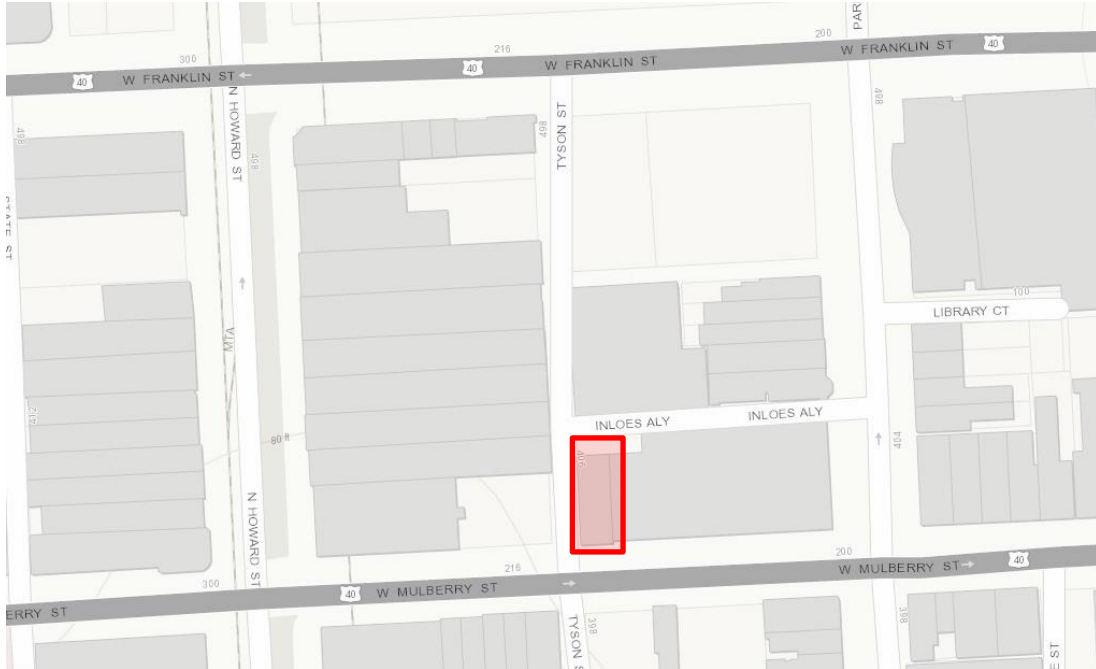
- 1) The demolition will be without substantial detriment to the public welfare;**
- 2) The demolition will be without substantial derogation from the intents and purposes to the CHAP ordinance; and**
- 3) The denial of a demolition permit will result in substantial hardship to the applicant.**

**Staff recommends that the applicant return with a plan to retain the historic building and investigate the additional funding sources available for the project, or return with a plan to retain some portion of the historic building and more information demonstrating that retaining the entire building is economically infeasible**



**Eric Holcomb**  
**Director**

## MAP AND IMAGES



Location of Site in Historic District



Aerial View of Property (Outlined in Red) from December of 2018





214 W Mulberry Street, December 2018

